

NEWS FROM

KHEAA–Alabama

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Financial Aid Tip of the Month, July 2008

Private loans bridge gap between college costs, student aid

Many sources of financial aid are available to help college-bound students pay higher education expenses, including federal and state grants, scholarships and Federal Stafford and PLUS Loans. In addition, merit-based scholarships and need-based grants are often available at the local level.

All these programs may help ease the burden of paying for college; however, sometimes it is not enough to pay college costs. When that happens, parents and students may take advantage of private student loans, usually called alternative loans.

In addition to providing Federal Stafford and PLUS Loans, The Student Loan People offer the Advantage Loan. This loan helps bridge the gap between the cost of college and the financial aid a student has received. Features include:

- Loans available as small as \$500, with a lifetime aggregate limit of \$250,000;
- Competitive interest rates and flexible terms;
- Credit decisions usually less than 60 seconds;
- 24-hour online account access;
- Fast loan disbursements;
- Available for non-degree-seeking students;
- Loan payments deferred while in school with up to 12 months grace after graduation; and
- No prepayment penalties.

As with all loans, students need to do some research before committing to any loan. The amount that may be borrowed and the interest rate will largely depend on the borrower's credit rating, but differences do exist among lenders. Students should compare the loans offered by various lenders to ensure the best possible deal.

The Student Loan People is a public, nonprofit corporation that provides education loans for students and parents through the Federal Family Education Loan Program (FFELP). For more complete information about student loans, visit www.studentloanpeople.com; write The Student Loan People, P.O. Box 24328, Louisville, KY 40224-0328; or call (888) 678-4625.

For more information about financial aid and college planning, visit www.AlabamaMentor.org; write to KHEAA–Alabama, 100 North Union Street, Suite 308, Montgomery, AL 36104-3761; or call 334-265-9720, toll free (800) 721-9720.